DEPARTMENT OF JUSTICE

QUEEN'S PRINTER REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 1999

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Queen's Printer Revolving Fund as at March 31, 1999 and the statements of operations and accumulated operating surplus and changes in accumulated net expenditure/recovery for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
October 20, 1999

Wayne Strelioff, CA
Provincial Auditor

Statement 1

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
BALANCE SHEET
As at March 31

	1999	1998
ASSETS		
Current:		
Accounts receivable	$ 143,659	$ 297,271
Inventories	75,627	131,649
Prepaid expenses	100	5,618
Total current assets	219,386	434,538
Capital assets (Note 5)	23,879	46,147
Total Assets	$ 243,265	$ 480,685
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Accounts payable	$ 124,828	$ 212,878
Unearned revenue (Note 6)	76,719	83,641
	201,547	296,519
Non-current liabilities:		
Accumulated net expenditure (Statement 3)	19,537	137,679
Fund Equity:		
Accumulated operating surplus (Statement 2)	22,181	46,487
Total Liabilities and Fund Equity	$ 243,265	$ 480,685

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS
For the Year Ended March 31

	1999		1998
	Budget (Note 9)	Actual	Actual
Sales	$ 890,250	$ 851,537	$1,098,024
Cost of goods sold	(472,900)	(420,420)	(612,083)
Gross profit	417,350	431,117	485,941
Expenses:			
Salaries	340,000	361,817	339,921
Information technology	17,500	21,134	8,618
Amortization	30,000	30,694	52,528
Telephone	10,000	11,106	9,648
Office supplies	14,000	14,257	25,010
Other	25,000	16,414	19,230
Total expenses	436,500	455,422	454,955
(Loss) income from operations	(19,150)	(24,305)	30,986
Subsidy from General Revenue Fund	—	—	—
Net (loss) income	(19,150)	(24,305)	30,986
Accumulated operating surplus, beginning of year	30,102	46,486	15,501
Accumulated operating surplus, end of year (Statement 1)	$ 10,952	$ 22,181	$ 46,487

(See accompanying notes to financial statements)

Statement 3

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/RECOVERY
FOR THE YEAR ENDED MARCH 31

	1999	1998
Financing (provided by) required for operating activities:		
Net loss (income)	$ 24,305	$ (30,986)
Items not affecting working capital -amortization	(30,694)	(52,528)
Net increase (decrease) in working capital items related to operations (Note 7)	(120,180)	79,287
	(126,569)	(4,227)
Financing (provided by) required for investing activities:		
Purchase of capital assets	8,427	36,488
Net expenditure/recovery	(118,142)	32,261
Accumulated net expenditure, beginning of year	137,679	105,418
Accumulated net expenditure, end of year - to Statement 1	$ 19,537	$ 137,679

(See accompanying notes to financial statements)

DEPARTMENT OF JUSTICE
QUEEN'S PRINTER REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1999

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 9.1 of *The Queen's Printer's Act*. The purpose of the revolving fund is to provide a mechanism for printing, publishing and distributing government documents and publications to the public.

2. Accounting Policies

The financial statements are prepared using generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/ Recovery and Note 7. The following accounting policies are considered significant:

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the fund includes the following:

i) the net cash expenditure/(recovery) for each fiscal year; and

ii) the book value of assets acquired at no charge from other government agencies.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value. Inventories consist of unsold Gazettes, books and loose-leaf releases and binders.

d) Capital Assets

Amortization is calculated on a straight-line basis at an annual rate of 10% of acquisition value for furniture, 20% for equipment, and 33 1/3% for computer hardware and software.

3. Authorized Financing

Subsection 9.1(10) of *The Queen's Printer's Act* specifies that the maximum amount of accumulated net expenditures which may be outstanding at any time will be set by order of the Lieutenant Governor in Council. A maximum amount of $150,000 was established by Order in Council 667/89.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 9.1(4) of *The Queen's Printer's Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $100,000. Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Justice's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	1999			1998
	Acquisition Value	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$ 139,193	$ 121,025	$ 18,168	$ 36,906
Computer Software	23,788	22,528	1,260	5,093
Equipment/Furniture	15,572	11,121	4,451	4,148
	$ 178,553	$ 154,674	$ 23,879	$ 46,147

6. Unearned Revenue

Subscriptions to *The Saskatchewan Gazette* and the Queen's Printer Electronic Subscription Service are considered unearned revenue for those months that the subscription extends beyond the fiscal year.

7. Net Change in Working Capital Items Related to Operations

	1999	1998
(Decrease)/increase in accounts receivable	$ (153,612)	$ 198,233
(Decrease)/increase in inventory	(56,022)	1,354
(Decrease)/increase in prepaid expenses	(5,518)	4,732
Decrease/(increase) in accounts payable	88,050	(111,514)
Decrease/(increase) in unearned revenue	6,922	(13,518)
	$ (120,180)	$ 79,287

8. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

Category	1999	1998
Expenses	$ 114,493	$ 113,503
Accounts payable	15,302	11,715

Publications are sold and services are provided to related parties at amounts agreed to by the parties. These amounts are lower than those charged to other customers.

These transactions and amounts outstanding at year end are as follows:

Category	1999	1998
Revenue	$ 343,401	$ 437,444
Accounts receivable	69,788	151,982

In addition, the Revolving Fund pays Saskatchewan Education and Health Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

In accordance with established government policy, the Revolving Fund has not been charged with certain occupancy, financing and administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

9. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

10. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate and short-term nature, the fair value of these instruments approximates the carrying value.

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1,

2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Revolving Fund's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Revolving Fund, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

12. Amount Reported in the Public Accounts

The net (financing requirement)/recovery of the Revolving Fund reported in the Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund.

	1999	1998
Net (loss) income before subsidy	$ (24,305)	$ 30,986
Amortization expense	30,694	52,528
Decrease (increase) in inventory	56,022	(1,354)
Decrease (increase) in net capital assets	(8,427)	(36,488)
Timing differences in recording transactions	(66,064)	43,059
Net (financing requirement)/recovery, reported in the Public Accounts	$ (12,080)	$ 88,731

13. Comparative Information

Certain 1997-98 balances have been reclassified to conform with the current year's presentation.